

**OVERSIGHT BOARD TO THE FORMER
COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF COMPTON
STAFF REPORT**

DATE: DECEMBER 17, 2014

TO: THE HONORABLE CHAIR AND BOARD MEMBERS

FROM: EXECUTIVE DIRECTOR

SUBJECT: DOF REMITTANCE

BACKGROUND

At the direction of the Oversight Board, Successor Agency staff is required to provide periodic report on communications between the Successor Agency and the State Department of Finance (DOF). The following is the most current update on Agency's recent communications with the DOF.

A. GENERAL LIABILITY INSURANCE- \$4,105,700

Pursuant to Health and Safety Code section 34167.5, the State Controller's Office (SCO) determined that the City of Compton must turn over to the County Auditor Controller the sum of \$4,105,700 transferred by the Agency to the City of Compton after January 1, 2011 to cover the Agency's liability insurance. According to the DOF, the transfer constituted an unallowable cost that must be remitted to the County Auditor Controller for subsequent distribution to the taxing entities (See attached). In compliance, the City has agreed to issue a purchase order in the amount of \$4,105,700 for submission to the County-Auditor Controller.

B. PUBLIC PARKS PURCHASE- \$5,328,000

The DOF is demanding the City's remittance of \$5,328,000 representing the purchase price for certain Agency parcels sold to the City for use as City parks.. In March 2014, the City submitted an installment payment plan to DOF in connection with the DOF directive. On October 22, 2014, the DOF accepted the City's proposed plan (see attached).

RECOMENDATION:

Staff recommends the Board receive and file this report.

DR. KOFI SEFA-BOAKYE
DIRECTOR

APPROVED FOR FORWARDING:

G. HAROLD DUFFEY
EXECUTIVE DIRECTOR

Attachments:



**DEPARTMENT OF
FINANCE**

EDMUND G. BROWN JR. ■ GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

October 22, 2014

Mr. G. Harold Duffy, City Manager
City of Compton
205 South Willowbrook Avenue
Compton, CA 90220

Dear Mr. Duffy:

The Department of Finance (Finance) is in receipt of your October 16, 2014 correspondence detailing the City of Compton's proposal for paying the \$5,872,173 that the City owes to the affected taxing entities pursuant to the Low and Moderate Income Housing Fund Due Diligence Review performed in accordance with Health and Safety Code section 34179.6. While the City was initially determined to owe \$6,159,729, Finance has confirmed with the Los Angeles County Auditor-Controller that the City has paid \$287,556 of the owed sum.

The City's plan proposes to pay \$5,328,000 to the County Auditor-Controller over a five-year period, as follows:

- \$700,000 on August 1, 2014
- \$1,000,000 on August 1, 2015
- \$1,000,000 on August 1, 2016
- \$1,300,000 on August 1, 2017
- \$1,328,000 on August 1, 2018

The City's plan further states a remaining \$544,173 will be paid to the County Auditor-Controller over the course of the five years, for a total remittance of \$5,872,173.

Finance is pleased to accept the City's proposed payment plan. We do note, however, that our acceptance of your payment plan does not mean that Finance will approve requests for the City or the Successor Agency to reimburse themselves for the payments via the Recognized Obligation Payment Schedule process.

When the City has remitted the entirety of the \$5,872,173 to the Los Angeles County Auditor-Controller's Office, Finance will issue a Finding of Completion to the Successor Agency.

Thank you for your willingness to work with my staff on this issue. If we may be of further assistance, please contact Chris Hill, Principal Program Budget Analyst, at (916) 445-1546.

Sincerely,

JUSTYN HOWARD
Acting Program Budget Manager



JOHN CHIANG
California State Controller

January 16, 2014

G. Harold Duffey, City Manager
City of Compton/Successor Agency
205 South Willowbrook Avenue
Compton, CA 90220

Dear Mr. Duffey:

Pursuant to Health and Safety Code section 34167.5, the State Controller's Office (SCO) reviewed all asset transfers made by the Compton Community Redevelopment Agency (RDA) to the City of Compton (City) or any other public agency after January 1, 2011. This statutory provision states, "The Legislature hereby finds that a transfer of assets by a redevelopment agency during the period covered in this section is deemed not to be in furtherance of the Community Redevelopment Law and is thereby unauthorized." Therefore, our review included an assessment of whether each asset transfer was allowable and whether the asset should be turned over to the Successor Agency.

Our review applied to all assets including but not limited to, real and personal property, cash funds, accounts receivable, deeds of trust and mortgages, contract rights, and rights to payment of any kind. We also reviewed and determined whether any unallowable transfers of assets to the City or any other public agencies have been reversed.

Our review found that the RDA transferred \$209,744,165 in assets after January 1, 2011, including unallowable transfers totaling \$4,105,700, or 1.96% of transferred assets to the City of Compton that must be turned over to the Successor Agency.

If you have any questions, please contact Elizabeth Gonzalez, Bureau Chief, Local Government Compliance Bureau, by phone at (916) 324-0622.

Sincerely,

A handwritten signature in black ink, reading "Jeffrey V. Brownfield", is written over a circular embossed seal. The signature is fluid and cursive.

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

JVB/kw